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**STATE BOARD OF EQUALIZATION**

May 19, 1954

H. R. B--- Co.  
XXX XX<sup>th</sup> Street  
--- --- X, California

Account No. X - XXX  
SR -- XX-XXXXXX

Attention: Mr. W. P. M---  
Secretary

Gentlemen:

You are a distributor of the larger type of household appliances and several years ago you purchased some small electric signs to be used in connection with the promotion of one of your merchandise lines. The signs cost you \$20.00 each, but you furnished them to your dealers at \$10.00 each. You have a similar situation arising again except that the manufacturer has obtained the sales promotion devices at a cost of \$167.00 each. They are furnishing them to you at one-half price or \$83.50 each. You, in turn, will bill them to your dealers at \$83.50.

It is our opinion that in both cases you are acquiring the items for resale and your sale to your dealer is the retail sale and subject to tax. The measure of tax is your gross receipts from this retail sale, in the first instance \$10.00 for each sign and in the second instance \$83.50 for each device.

Very truly yours,

Bill Holden  
Assistant Counsel

BH/ja

cc: --- --- - Auditing